

**STATE OF TENNESSEE**

OFFICE OF THE  
ATTORNEY GENERAL  
PO BOX 20207  
NASHVILLE, TENNESSEE 37202

January 4, 2002

Opinion No. 02-006

Use of BEP Funding to Pay for Teachers' Health Insurance Increases in Premium

**QUESTION**

Is it legal for the State to use overappropriated BEP funds of approximately \$13 million to pay for healthcare insurance increases for teachers?

**OPINION**

Yes. The BEP includes costs of staff insurance and benefits.

**ANALYSIS**

It is your understanding that in the Tennessee State Budget for 2000-2001, there was an amount of \$13 million designated for the Better Education Program (BEP) that was returned to the State in the over appropriations. You have been informed that this money is now being used to pay for healthcare insurance increases for teachers. We understand that you are concerned that BEP funds not be used for non-BEP items. You wish to know if this use of funds is legal.

Under Tenn. Code Ann. § 49-1-302, the State Board of Education is responsible for developing and adopting policies, formulas, and guidelines for the fair and equitable distribution and use of public funds among public schools. The funding formula, the Better Education Program (BEP), consists of forty-three components, divided into two categories: classroom and nonclassroom. One of the nonclassroom components is "Staff Benefits and Insurance." For your convenience, we have enclosed a copy of the BEP for FY 2001 - 2002. Thus, the State may use overappropriated BEP funds to pay for healthcare insurance increases for teachers.

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Attorney General and Reporter

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Requested by:

The Honorable Mae Beavers  
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